



## Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).

to the advance in export prices. While our shipments, especially those to Europe, were large, it is nearer the truth to say that excessive export

prices and not excessive exports were mainly responsible for the top-heavy condition of our war and post-war commerce.

## The International Trade Situation in Canada

By COL. JOHN A. COOPER

Canadian Government Representative in New York

CANADA'S international trade history is that of a long struggle against what seemed to be the logic of the situation. The Canadian pioneer struggled bravely to transform a forest-clad land into a garden. It was a supreme struggle with nature and nature's intentions. So the Canadian trader who desired to do business with foreign countries had to overlook geographical considerations and take his wares long distances overseas. If he could have had unimpeded access to the United States market and had that market been able to absorb his surpluses, his task would have been easy. But politics, tariffs and similarity of products decreed that it must be otherwise.

In the first twenty years of Confederation, 1868 to 1887, Canada exported goods to the value of \$1,460,000,000 of which \$665,000,000 went to the United States and the remainder to the rest of the world. Of her total sales, only 45 per cent went to the large neighboring market. The remainder, or 55 per cent, had to be sent overseas. In those days the distances to foreign markets were farther than today, because the ships that carried the goods were smaller and slower.

In the next twenty years, 1888 to 1907, the same tendency is evident. There had been talk of "reciprocity" with the United States, but the McKinley Tariff of 1890 dealt that idea a staggering blow. In 1897, the Cana-

dian people definitely made up their mind that their political and economic safety lay in developing the markets of the British Empire rather than the markets of the United States. In the twenty-year period, 1888 to 1907, Canada's exports were divided as follows:

United Kingdom . . . . .	\$1,551,809,000
United States . . . . .	1,029,600,000
Other countries . . . . .	268,304,000
Total . . . . .	<hr/> \$2,849,713,000

In this period, the sales to the United States fell to 38 per cent and those to the rest of the world grew to 62 per cent. Canada was definitely launched on a non-continental policy. The world, not the North American continent, was to be her chief market.

During the following eleven years, 1908 to 1918, a great war occurred and the shipments of munitions to Great Britain made the tendency even more marked. The unusual circumstances make the figures interesting, but prevent the drawing of any definite conclusions. They are:

	1908-1918 (inclusive)
United Kingdom . . . . .	\$3,283,023,000
United States . . . . .	1,861,883,000
Other countries . . . . .	818,601,000
Total . . . . .	<hr/> \$5,963,507,000

During this period, only 31 per cent of Canadian exports went to the United States.

## EFFECT ON SHIPPING

One great effect of this policy of across-the-sea trading is found in the growth of Canadian shipping and in a comparatively wide knowledge of maritime problems. In 1902, about twenty thousand vessels entered and cleared at Canadian ports. The ownership of these was divided as follows:

	Ships	Tons
British.....	4,363	6,865,924
Canadian.....	11,413	1,937,227
Foreign.....	14,530	14,731,488

This proportion has been well maintained, as the returns of sea-going vessels entering and clearing Canadian ports in 1918-1919 given in the following table will show:

	Ships	Tons
British.....	6,099	14,054,166
Canadian.....	11,115	3,758,528
Foreign.....	15,132	7,448,699

Since these figures were compiled, the government has undertaken to build and maintain a Canadian merchant marine which will increase the percentage which her own tonnage bears to the total tonnage entering her ports. The policy adopted is quite different from the shipping policy of the United States, though the aim is akin. The *Canadian Government Mercantile Marine*, an incorporated company in which the Government is the sole stockholder, has been projected with a definite plan for the creation of a fleet of seventy vessels. About forty of these are already in commission. Regular services have been established with England, the West Indies, Brazil and Australasia. At present all traffic is confined to freight, although some vessels on the West Indian route are being reconditioned to admit of the carrying of a limited number of passengers. The general policy is to use these boats as auxiliaries to existing privately-owned

lines and to develop such new routes as seem desirable in the interests of Canada's export trade.

## CANADIAN IMPORTS

Naturally Canada's purchases abroad have been affected by the across-the-sea trading policy which necessity forced her to adopt. When vessels go abroad, they must have return cargoes. Canada attempted to secure these return cargoes by giving British manufacturers a preference in respect of customs duties. This was done in 1897. Ten years later, a treaty was made with France whereby French goods were given a tariff which was "intermediate" between the preferential tariff on British goods and the general tariff which applied to other countries. Under this French Tariff certain favored nations were also entitled to these "intermediate" rates. Three years later, 1910, a similar arrangement was made whereby the intermediate tariff was extended in part to Belgium, the Netherlands and Italy. In 1913, a preferential arrangement was made with the British West Indies. This was further extended in 1920.

Between 1888 and 1907, Canada imported goods to the value of \$1,744,000,000 from the United States out of a total of \$3,160,000,000, or 55 per cent. In the eleven years, 1908 to 1919, Canada's purchases from the United States were valued at \$4,898,000,000 out of a total of \$6,959,000,000, or 70 per cent.

Of Canada's total imports in 1914, the United States supplied goods to the value of \$395,565,000, as compared with a total from all countries of \$618,457,000, or 64 per cent. Similarly, in 1920 (year ending March 31), the United States sold Canada \$801,605,000 out of the total Canadian imports of \$1,064,516,000, or 80 per cent. This figure will probably never be exceeded,

as Europe is rapidly regaining that portion of Canadian trade which was lost during the Great War.

#### RECENT TENDENCIES

Canada had been five years in the war and her imports had been greatly restricted. When peace came at the end of 1918, people felt free to buy goods that they had long wanted or now required in order to develop their natural industries. Imports at once began to show a considerable expansion in certain lines of staples and luxuries, accompanied by a steady decline in purchases of raw materials for war products. The total figures do not indicate these changes, but an analysis does. Imports of textile products, for example, grew from \$154,000,000 in 1917-1918 to \$234,000,000 in 1919-1920. Metals and their products, non-metallic minerals and their products showed a decline. Vegetable products made a decided increase from \$146,000,000 to \$237,000,000. The United States, being the one country with unlimited goods for export, got the benefit of this increased demand for manufactured goods.

The latest twelve-month returns available for Canada's purchases by countries show some remarkable changes in the post-war period:

of supplying 80 per cent of Canadian purchases, it will return to its normal position of about 60 per cent. The United Kingdom, France, Belgium, Holland and Italy are sure to regain much of their trade with Canada which was lost during the war.

During the war period Canada, for the first time in her history, piled up an excess of exports over imports. For the five years ending March 31, 1920, that favorable balance of trade amounted to \$1,718,586,000. During 1920, however, imports rose faster than exports, and Canada finished the year with a small unfavorable balance.

#### CANADA'S FUTURE EXPORTS

Canada has become a great foreign trader. Its imports per capita are nearly three times as large as those of the United States, while its exports are nearly double per capita. The explanation of this would require much space to discuss. Its enormous natural resources are comparatively easy of access, though its territories are broad. It has the greatest railway mileage in the world for its population. As has been indicated, its shipping is proportionately large and its people have been accustomed through half a century to foreign trading. Because it has much to sell, because it has the

#### CANADIAN IMPORTS BY COUNTRIES Twelve Months Ending September

<i>From the :</i>	1918	1920
United States.....	739,459,000	919,367,000
United Kingdom.....	70,569,000	217,228,000
Cuba.....	1,790,000	35,173,000
France.....	4,118,000	19,840,000
British East Indies.....	16,775,000	19,607,000
British West Indies.....	7,639,000	16,839,000
Belgium.....	7,472	3,343,000
Netherlands.....	689,912	3,462,000

If this tendency continues, as it is reasonable to assume it will, the United States will lose its predominant position in Canadian imports, and instead

machinery for selling those products in the world's markets and because its people are frugal and thrifty, Canada will also be a great purchaser of foreign

goods. The Canadians can not equal the British stock from which they sprang in maritime and commercial skill, but it is questionable if they are excelled in this respect by any other nation.

An analysis of what Canada exports will deepen conviction on this point. The variety of goods sent out to the world is distinctly impressive. A few figures of the exports for the twelve months ending September, 1920, may be quoted in evidence:

Wheat.....	\$182,000,000
Paper.....	89,000,000
Iron and Steel.....	62,000,000
Flour.....	61,000,000
Lumber etc.....	124,000,000
Pulp.....	73,000,000
Animals, living.....	42,000,000
Fish.....	40,000,000
Bacon and Ham.....	42,000,000
Butter.....	18,000,000
Cheese.....	40,000,000
Coal.....	18,000,000
Furs.....	18,000,000
Textiles.....	19,000,000
Vegetables.....	16,000,000
Automobiles.....	18,000,000

Canada not only sells food from the land, food from the water, furs and timber from the forest, minerals from her mines, but she also exports manufactured goods in the form of flour, bacon, paper and textiles which have already achieved some reputation. Quite recently her export of manufactures passed the half billion mark. What she most requires is a more scientific organization of her selling machinery, and an accumulation of capital which will enable her to extend larger credits to foreign purchasers.

#### HER FUTURE IMPORTS

In the future Canada's import trade will witness a growth proportionate to the growth of the country's industries. There are certain commodities which Canada can not produce, notably in

the case of cotton and certain other raw materials, and for the supply of which Canada is wholly or in part dependent upon foreign countries. These commodities will continue to be imported in increasing volume because Canada's development as a manufacturing country will necessitate a larger importation of raw materials. Although Canada has vast resources of coal, iron and steel, these have not yet been fully developed; Canada therefore imports these commodities in large quantities; but the tendency in the future will be for these imports to decrease gradually. Canada is primarily an agricultural country yet there is a steady increase in the importation of certain produce and foodstuffs which can not be grown in Canada. Climatic conditions and the severity of the winters also render certain kinds of production in Canada impossible for a period of a year, and therefore make the importation of particular foodstuffs necessary.

Canada buys beans from the United States to the value of \$700,000; corn from the same country costing \$10,000,000; rice from British Guiana and Japan to the value of \$2,000,000; sago and tapioca from the British East Indies; sweet biscuits from Great Britain; cereal foods in packages from the United States and macaroni and vermicelli from various countries.

With the greater prosperity of the people the demand for certain kinds of manufactures, not produced in Canada, which may be classed as "luxuries" or "non-essential" commodities is likely to increase.

A summary of the principal articles imported into Canada in the twelve months ending September, 1920, indicates the nature and extent of Canada's imports:

Iron and Steel.....	\$193,000,000
Cotton.....	127,000,000

Sugar and Molasses.....	\$95,000,000
Wool.....	89,000,000
Coal (Anthracite).....	33,000,000
Coal (Bituminous).....	43,000,000
Silk.....	42,000,000
Vehicles.....	35,000,000
Breadstuffs.....	29,000,000
Chemicals.....	26,000,000
Hides and skins.....	22,000,000
Rubber.....	21,000,000
Flax, Hemp and Jute.....	19,000,000
Tobacco.....	16,000,000
Leather.....	16,000,000
Furs.....	14,000,000
Tea.....	11,000,000

Canada's total import trade for the twelve months ending September, 1920 was \$1,325,767,940. The value of Canada's export trade for the same period was \$1,208,919,000.

Canada has still much to learn about foreign trade. The proposed establishment of an Empire bank to stabilize exchange between the United Kingdom and the British Dominions would undoubtedly be helpful. The customs

preference now being given by the United Kingdom on motor cars, musical instruments, wines and a few other products from the overseas Dominions may be extended in the near future. Other preferential arrangements may develop. In markets, which are not British, Canada must meet the competition of the world. This requires special machinery in the nature of exporting corporations, steamship facilities and banking arrangements.

Much of Canada's exports is now sold through New York exporting houses, but Canadian export companies are growing in number and strength. Two of the leading Canadian chartered banks have agencies in Cuba, British West Indies, Mexico and South America. The number of steamers engaged in foreign trade is increasing. As all these features expand, Canada will probably maintain the record which she has already made as a reliable and energetic foreign trader.

## The International Trade Situation in South America

By WILLIAM C. WELLS

Chief Statistician, Pan American Union

TO appraise the present status of South American international trade it is necessary that we have a correct understanding of what this trade was before the war, what had been its development and what its tendencies were. More than all we must understand what was its economic base. Four-fifths of the trade was with the countries that took part in the Great War; nine-tenths, if we do not count the non-competitive and the interstate trade. The war produced temporary changes in the currents of South American trade and industry and some of these may prove to be permanent.

Complete returns for working out the percentages of 1920 can not yet be assembled, but partial reports make it certain that no material change in the current of trade has occurred since January 1, 1920.

Before the war about two-thirds of South America's exports were to Great Britain, the United States, Germany and France. Leaving out the interstate frontier exports, which are only in a technical sense international, practically the whole export trade was to the United States and Western Europe and nearly 90 per cent to the four countries mentioned. It could not be otherwise, for these were the great manufactur-